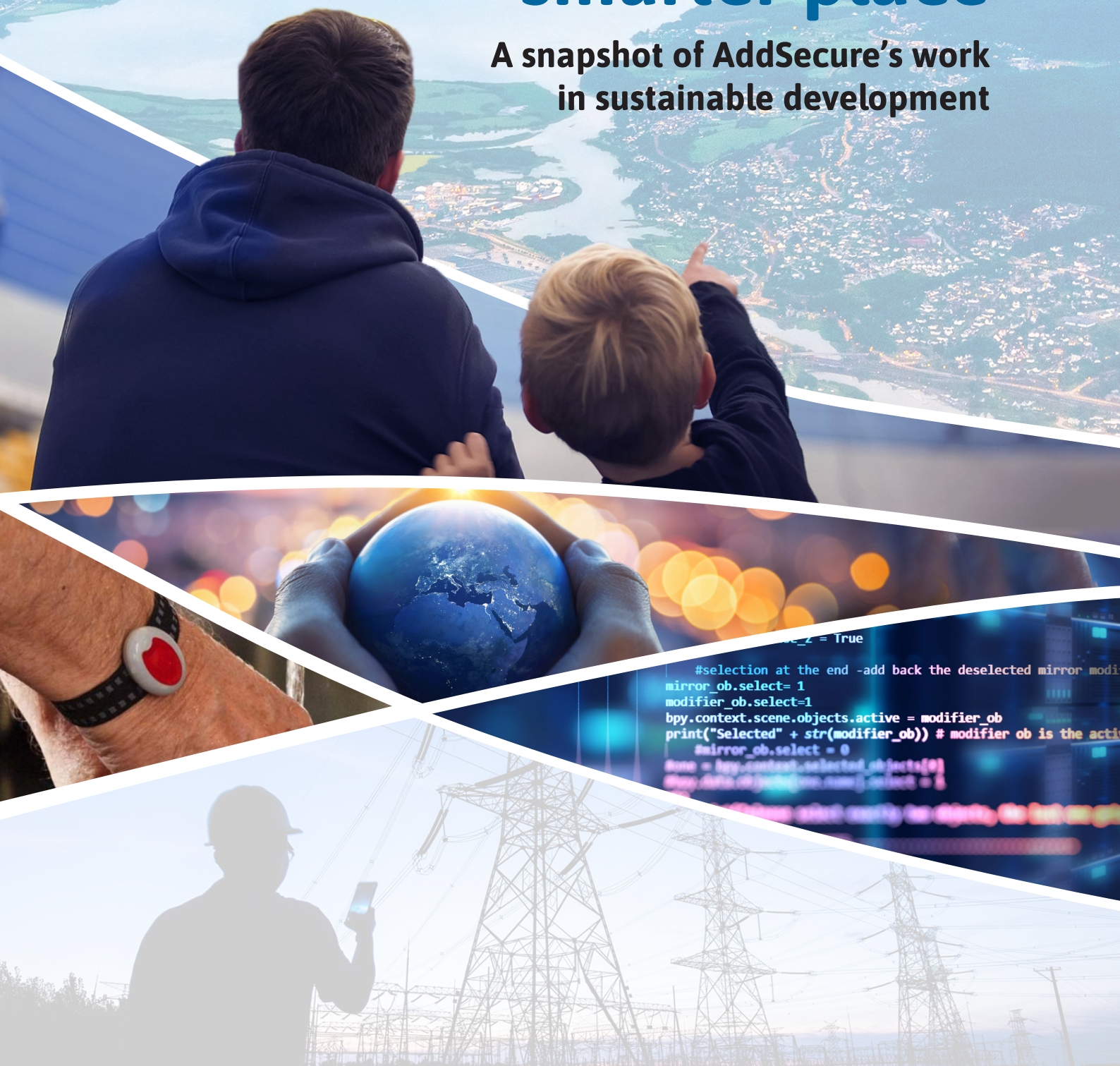


# Making the world a safer and smarter place

A snapshot of AddSecure's work in sustainable development



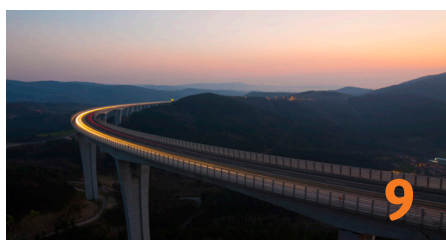
```
..._2 = True  
  
#selection at the end -add back the deselected mirror modi  
mirror_ob.select= 1  
modifier_ob.select=1  
bpy.context.scene.objects.active = modifier_ob  
print("Selected" + str(modifier_ob)) # modifier ob is the acti  
#mirror_ob.select = 0  
#bpy.context.selected_objects[0]  
#bpy.data.objects[...].select = 1  
... select correctly the objects, the last one g
```



We live in an increasingly connected world. Our planet already has more devices connected to the internet than it has people. Internet of Things (IoT) and data has the potential to reshape the way we produce, consume, and live. As sensor-based and internet-connected devices multiply, they will handle even more life- and business-critical applications. This makes it more important than ever to handle data and communications in a secure and sustainable way. At AddSecure we see it as our mission to help make the world safer and smarter. By securing data and critical communications in a connected world, AddSecure has an opportunity and great responsibility to contribute to society's sustainable transformation.

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### About this report

This is AddSecure's first sustainability report. The purpose of the report is to present how we create value and contribute to a safer and smarter world, through our secure and critical communications solutions. Additionally, the report informs and reports on AddSecure's 2020 objectives and progress within our strategic focus areas. The report is inspired by the global standards for sustainability reporting, GRI Standards.

### Contact

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Chief Sustainability Officer  
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## LETTER FROM OUR CEO

# We secure data and critical communications in a connected world

The AddSecure story goes back to the early 1970s. Back then, secure critical communications for alarm systems were developed and marketed. 50 years later, we are using our knowledge about how to securely transfer data from A to B to provide an ever broader and more sophisticated range of solutions in what we all know as the connected society.

The connected world and Internet of things (IoT) have a transformative impact on economies and societies. IT-based smart solutions help lower emissions, improve well-being, and optimize the use of resources. However, as sensor-based and internet-connected devices multiply, handling data and communications in a secure way is more important than ever.

When it comes to sustainability at AddSecure, this is what it comes down to. Delivering smart solutions based on secure communications and safe data, and addressing challenges in a wide variety of areas. We have an opportunity, and a responsibility, to contribute to society's sustainable transformation. By growing our business we aim to grow our impact.

Connected society craves energy, and while technological advances bring us daily benefits, they also raise concerns about how technology will affect society and our planet. Electronic waste is one of the fastest growing waste streams, and cyber threats are constantly evolving.

Customer focus and sustainability form the basis for everything we do. We have set the ambition to be climate neutral and achieve zero waste by 2025. We embrace diversity as a key for innovation and we always commit to deliver safe data. We have integrated these sustainability goals as crucial parts of our overall strategy and vision. If 2020 taught us anything, it was just how much a changing world is affecting business, and the necessity of understanding global trends and evolving customer needs. By working towards our strategic goals, we aim to do more with less, diminish our supply chain risks and operational costs, attract the talent and partnerships we need, and ensure that we deliver on our mission: To secure data and critical communications in a connected world, making the world a safer and smarter place.

This is our first sustainability report. It describes where we are as a company today and where we are heading. We have come a long way since the 1970s and are probably much further than what our founders could ever have imagined. What will lead us to further developments in our future journey is innovation and transformation - imagination is our only limit.



Stockholm June 2021

Stefan Albertsson,  
CEO

## OUR GOALS



## Smart power

Climate neutral by 2025



## Smart use of resources

0 waste by 2025



## Safe data

Secure, authentic & reliable data



## Smarter together

Smarter and more innovative, guided by the different perspectives diversity offers



## Customer focus

Transactional NPS of 50 by 2025

# This is AddSecure

AddSecure is a leading European provider of IoT solutions with a focus on **secure critical communications and data**.

Our mission is to **create a safer and smarter world** together with our 50,000 customers in Europe.

We are an innovative company with our roots in Swedish and Norwegian transmission signal monitoring companies. We have a strong growth and expansion strategy.

Our ambition is to create long-term financial value without compromising environmental and social values.

We have extensive experience and knowledge in secure critical communications and connectivity solutions.

## 950

Employees

## 450,000

Connections

## €160M

Annual Revenue

### 1970s

Originates from telecom operators in Sweden and Norway. The start of secure critical communications solutions.

### 2015

AddSecure is founded/branded.  
Secure communications for fire, intruder and elevator alarms in Sweden and Norway.

### 2016

New owners: Abry Partners.  
New growth strategy in place (geography, value-chain, business areas).  
Investment in Smart Grids.

### 2017

Strengthening the Smart Alarms and Smart Rescue offerings.  
3 acquisitions: Chiron Security, Contal Security, and Prevent 360 carve out.

#### EMPLOYEES

100

#### COUNTRIES

2

#### BUSINESS UNITS

Smart Alarms

#### EMPLOYEES

125

#### COUNTRIES

2

#### BUSINESS UNITS

Smart Alarms

#### EMPLOYEES

180

#### COUNTRIES

6

#### BUSINESS UNITS

Smart Alarms

Smart Rescue

● Headquarters in Stockholm, Sweden

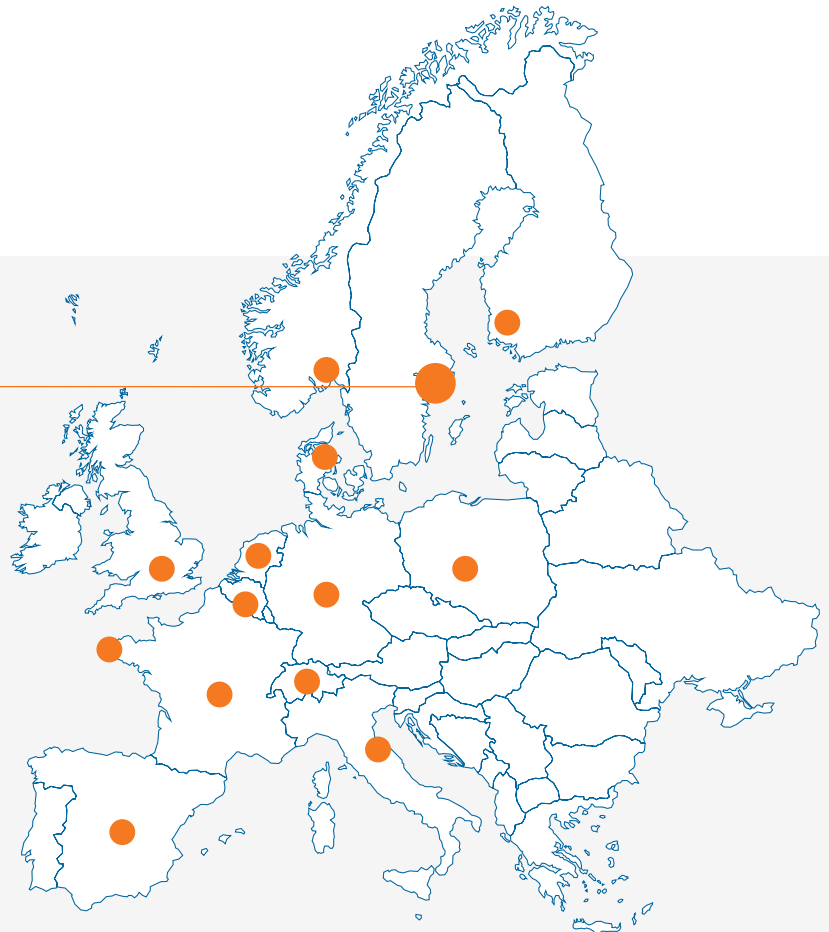
Majority owned by **Castik Capital** since 2019

15

Countries

50,000

Customers in Europe



## 2018

Strengthening the Smart Transport offering.

2 acquisitions: Vehco and Groeneveld ICT.

## 2019

New owners: Castik Capital.

5 acquisitions: Paetronics, frameLOGIC, Offentlig Säkerhet, Teleservice Radiokom and Stella Safety Phone.

## 2020

Continued geographical expansion.

7 acquisitions: Connexas, iZafe, Navkonzept, Alerta, Dualtech, RTL and ISG.

### EMPLOYEES



### COUNTRIES



### BUSINESS UNITS

- Smart Alarms
- Smart Rescue
- Smart Transport

### EMPLOYEES



### COUNTRIES



### BUSINESS UNITS

- Smart Alarms
- Smart Rescue
- Smart Transport
- Smart Care

### EMPLOYEES



### COUNTRIES



### BUSINESS UNITS

- Smart Alarms
- Smart Rescue
- Smart Transport
- Smart Care
- Smart Surveillance

# Our governance

Efficient management is crucial for reaching our long-term objectives. At AddSecure, the Board of Directors, the CEO and the Corporate Management Team hold central functions. Business Presidents are responsible for attaining objectives set within each business unit. Chief Officers are responsible for managing cross-vertical organizational support and development, using the Corporate Governance Team as a platform for alignment. During 2020 a temporary taskforce was installed to coordinate the organization's response to the Covid-19 pandemic.

Sustainability is integrated in all our governance functions as described in the illustration on page 8. In 2020, we strengthened our sustainability focus by appointing our first Chief Sustainability Officer (CSO) as part of the Corporate Management Team. The CSO is responsible for managing, developing and implementing the group's sustainability strategy as to achieve set objectives and support business and organizational development. Sustainability performance is assessed via key performance indicators set for each focus area (see 2020 objectives and results for further information).



## Guidelines and policies

Through the Group Policy Portfolio, AddSecure's core values and way of working are established. All Group Policies are approved by the Board of Directors.

- Code of Conduct
- Business Partner Code of Conduct
- Corporate Governance Policy, including Governing Documents Guideline and Risk Management Guideline
- Sustainability Policy
- Finance Policy
- IT Policy
- Information Security Policy
- Data Protection Policy
- People & Culture Policy
- Communication Policy
- Purchasing Policy

## Anti-corruption and ethical standards

AddSecure operates a “zero tolerance” policy towards fraudulent, dishonest or deceptive behaviour, and condemns corruption in all its forms. Our Code of Conduct sets out guiding principles on how we do business, and what is expected of our employees. The Code applies to everyone working at AddSecure, whether as an employee, consultant, board member or part of the group management. All new employees are introduced to our business principles in connection with the onboarding process. The policies are updated regularly and shared with all employees. This way we ensure that all employees understand and are up to date with our guidelines.

Employees experiencing any concerns in relation to our anti-corruption guidelines are encouraged to speak up. In 2020 we started the process of tendering an external whistleblower system (implemented in 2021).

## Supply chain

AddSecure works with its supply chain to implement a shared commitment to sustainability. We use a risk-based process whereby key-suppliers are identified based on volume spent and on how critical the supplier is to our operations (around 70% of the product supply is obtained through purchases from 10% of all suppliers). We perform a risk analysis of all our key suppliers, using criteria such as type of product provided, country of operations and policy adherence.

The AddSecure Business Partner Code of Conduct specifies minimum requirements and expectations that our suppliers and business partners must comply with when doing business with us. As of 2021, AddSecure supplier agreements are in the process of gradually including a clause on compliance with the AddSecure Business Partner Code of Conduct.

Moving forward, we are further developing our processes for audit and control, using on-line assessments and/or on-site visits.

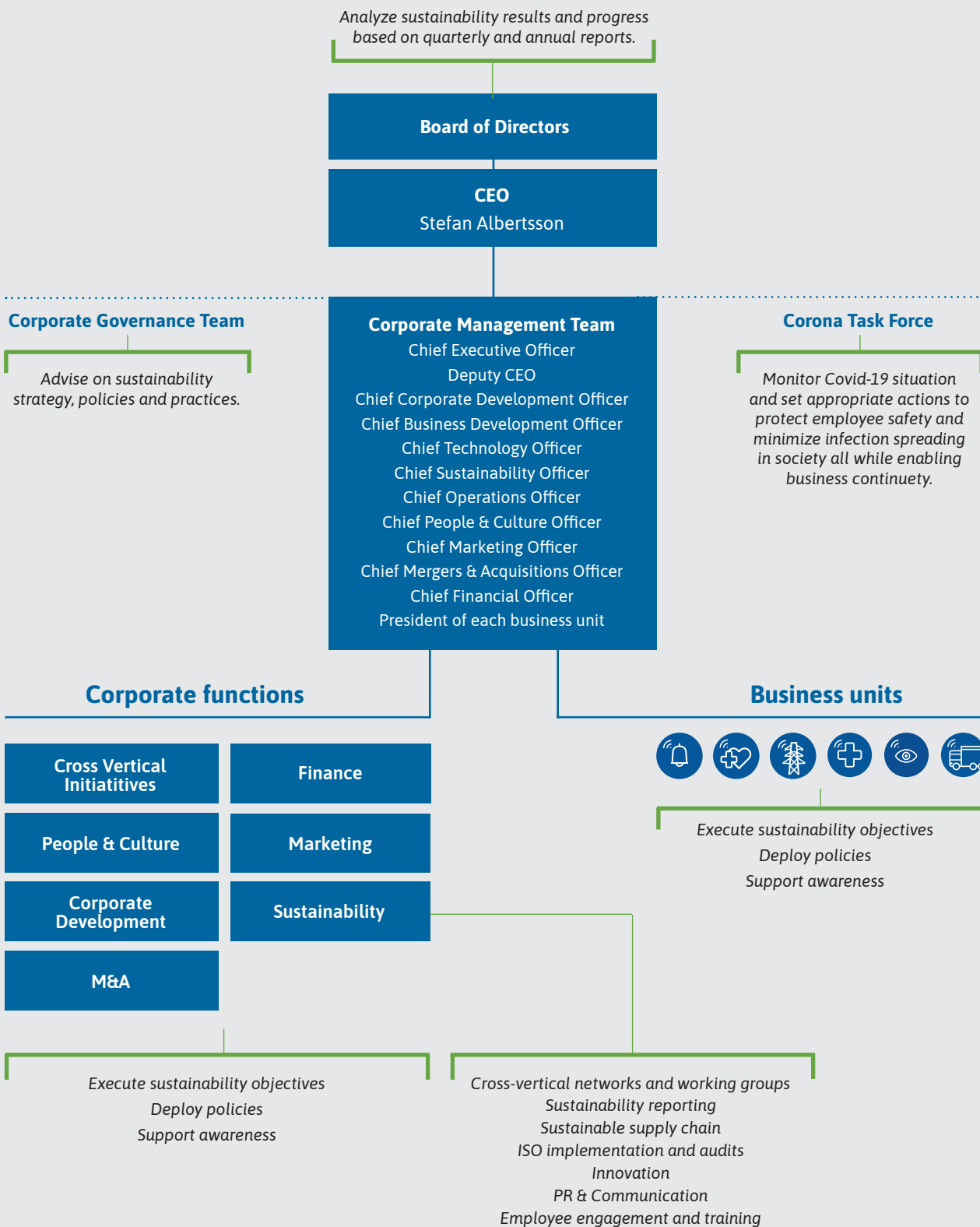
## Risk management

The risk assessment process is performed annually by the Corporate Management Team. Identified risks are categorized into four groups; strategic, operational, compliance and financial risks. The risks are assessed based on impact, probability, and response effectiveness. Identified risks are consolidated in a risk map at group level, each risk being owned by a Corporate Management Team member. Annual reviews of AddSecure’s risk environment are presented to the Board.

Environmental and social aspects form an integral part of the risk management process to understand trends on macro level. Identified ESG-related risks correspond well to AddSecure’s strategic focus areas. For example, data intrusion, downtime or loss of data related to production platforms, failed GDPR compliance, theft of digital assets and lack of security in product design are all managed within the strategic area Safe data (see page 18). Risks related to employees (e.g. loss of key personnel and employee health and safety) and innovation are handled within the focus area Smarter together (see page 21). Brand and customer experience are aspects handled within Customer focus (see page 18).

Climate change has been assessed at group level, noting that natural disasters and severe weather events are expected to occur more frequently, leading to risks for physical assets, interrupted logistics/supply chain and increased cost. Warmer temperatures may also lead to safety risks and diseases impacting workforce health and/or ability to work. On the other hand, heightened risk of extreme weather is expected to increase the need for strong, resilient communications networks. Current measures in place to manage climate-related risks – and opportunities – are deemed to be moderately effective. For example, supply chain-related risks need to be further assessed and managed on business unit level.

## Governance structure - Sustainability



AddSecure's corporate governance structure. In italics the different functions' roles and responsibilities for overseeing sustainability processes.

# Creating impact through our IoT solutions

According to the World Economic Forum, 70% of the UN Agenda 2030 and its 169 targets can be directly supported by technology applications, where IoT is playing a role in 33% of the technological applications mapped.<sup>1</sup> Data will continue to have a transformational impact on economies and societies, seeing benefits in every single aspect of our lives, ranging from more conscious energy consumption and product, material, and food traceability, to healthier lives and better healthcare.

As sensor-based and internet-connected devices multiply, they will handle even more societal, life- and business-critical applications. This makes it more important than ever to handle data and communications in a secure way. At AddSecure we see it as our mission to contribute to society's sustainable transformation, by securing data and critical communications in a connected world.

Our IoT solutions within Smart Alarms, Smart Rescue, Smart Care, Smart Transport and Smart Surveillance are all connected to the United Nations' Sustainable Development Goals (SDGs). This is how we help reshaping the way we produce, consume and live.



## THE GLOBAL GOALS

<sup>1</sup> World Economic Forum, "Unlocking Technology for the Global Goals" [http://www3.weforum.org/docs/Unlocking\\_Technology\\_for\\_the\\_Global\\_Goals.pdf](http://www3.weforum.org/docs/Unlocking_Technology_for_the_Global_Goals.pdf)



Smart Alarms



Smart Care



Smart Rescue



Smart Surveillance



Smart Transport

**3** GOOD HEALTH AND WELL-BEING

Smart homecare, monitoring and wearables give access to health-care services that combine human care with reliable and safe technology.

Right information to the right people at the right time helps provide safe, nonviolent, inclusive and effective learning environments for all.

**4** QUALITY EDUCATION**6** CLEAN WATER AND SANITATION

IoT solutions for remote monitoring and configuration help secure water supply and guarantee water quality.

Smart grid solutions help expand infrastructure and upgrade technology for modern and sustainable energy services for all.

**7** AFFORDABLE AND CLEAN ENERGY**8** DECENT WORK AND ECONOMIC GROWTH

Remote monitoring and management enable end-users to improve their resource efficiency and create safe working environments.

IoT enabled tracking devices help optimize transports of goods and lower emissions.

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE**11** SUSTAINABLE CITIES AND COMMUNITIES

Connected sensor-based grid, building and mobility management systems help minimize pollution, emissions, and energy consumption.

IoT solutions help monitor and optimize logistics and distributions networks, optimizing use of resources and reducing emissions and waste.

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION**13** CLIMATE ACTION

IoT solutions for remote monitoring and management of transports, buildings and grids help optimize use of energy and resources.

Using safe data and secured communications help prevent and respond to alarms, threats and emergencies.

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS

**AddSecure's solutions are actively contributing to the UN sustainable development goals.**

## OUR SOLUTIONS

# Smart Alarms



## Ensure your alarm reaches the right recipients – every time!

The ever-changing complexity of the world calls for new, fast, and smart solutions that can transfer and respond to event-based data. Our Smart Alarms solutions provide a clear communication path from incident to response. By proposing remote monitoring and system upgrades, our solutions enable greater resource efficiency and reduced emissions. Customers can move from reactive to proactive facility maintenance, bringing down costs and emissions by reducing unnecessary site visits.

Safety and security are basic needs for a good life. At the same time, security and integrity breaches are increasing as the number of connected devices in society grows. Our Smart Alarms solutions protect lives, homes, businesses, and other facilities. Our solutions ensure that any event-based data safely reach the right recipients, every time.

## PARTNERSHIP CASE

## ASSA ABLOY

### ASSA ABLOY and AddSecure make society smarter and safer through strategic partnership

Two global market leaders in security systems and alarms, ASSA ABLOY and AddSecure, entered a strategic partnership in 2019. By working together, a new smart and safe product has been developed that makes the most out of the innovation from both companies, creating a sustainable solution that wouldn't have otherwise been possible. The product works as a complement to AddSecure's portfolio in Smart Alarms.

"ARX with AddSecure Inside" provides customers and installers with a smart access-control and security system with integrated certified alarm transmission, designed to simplify the installation process and the management of multiple alarm subscriptions in large systems. It is effective and safe, using the access-control system from ASSA ABLOY and certified alarm transmission from AddSecure. With this integrated solution, we can decrease the environmental impact by minimizing resources and



time used for manufacturing, packaging and transport.

"ARX with AddSecure Inside" has been developed from a customer perspective and aims to make life easier for both end-customers and installers, while at the same time making society both smarter and safer. It could be used by many types of customers such as municipalities, public authorities, hospitals, schools, and private companies with safety as a priority. In 2022 the solution will be integrated into AddSecure's existing app platform and provide customers with an overview of the security system. This will not only make it more effective for customers, but also minimize their transports and costs in service visits.

## OUR SOLUTIONS

## Smart Care



## Peace of mind for your loved ones

The elderly population is growing. The number of people aged 65 and older is projected to double and reach 1.5 billion by 2050. At the same time, chronic diseases are rising, as well as the costs of care and nursing. There is a need to improve the efficiency level of treatment and patient monitoring to reduce risks and costs, while ensuring a good quality of life for our elderly. As many as 85% of people aged 65 and over claim that they want to live at home for as long as possible. In parallel, 20% find it difficult to live independently or accomplish daily tasks. There is an obvious need for smarter care.

Our Smart Care solutions help seniors live independently at home, all while cutting costs through a technology-driven setup. Our digital solutions collect and transfer information to an alarm receiving center or care provider. This way, patients are cared for in real time while maintaining their autonomy at home. Our safety alarms make it possible for the elderly to receive help whenever they need it.

## INTERVIEW

## Jonas EK

Project Manager, Digital Health at RISE



AddSecure has spoken to Jonas Ek, who is researching how nursing homes will look like in the future.

**What potential do you see with IoT? How can IoT help the elderly in society?**

- There are great profits for everyone involved. IoT and welfare technology will provide better lives for the elderly, safety and more freedom. IoT can also capture important health data, look for behavioral patterns and provide care for the elderly, even at distance. Additionally, data could be used to create smart buildings and efficient tools for the employees. One large challenge left to tackle is ethics and consent. We need to explain that data is not dangerous if you are aware of how and where it will be used.

**What do you think nursing homes will look like in the future?**

- They will offer the same communication opportunities and digital infrastructure as we are used to in our own homes. That is not only because of the potential with IoT, but also because the next generation are used to technol-

ogy and will not accept that the life quality will be limited in nursing homes. In addition, technology will form the basis for security for residents with individual-based support. Employees will also, with the help of technology, be able to act faster on events and incidents.

- Cooperation between different actors to succeed in this is crucial. This is complex for authorities, municipalities, real estate companies and suppliers. As it looks like now in Sweden, all regions are working on this differently. If we are going to succeed, an overall strategy is needed for how systems can integrate with each other. That is also why it is important to identify common standards and create APIs to share data in a structured way between organizations and businesses. To summarize, the technique is not the challenge, it is the implementation, change and cooperation.

**Could you tell us more about your new innovation project for nursing homes with Riksbyggen, Haparanda and Huddiksvalls municipality?**

- Together, we identified an increasing challenge for municipalities in involving digital technique in nursing homes. Therefore, we decided to form an innovation project with the aim to develop a public guide for how to build nursing homes with the soft and hard digital infrastructure for the future. The guide will also explain how data can be shared in a structured and safe way. The project is based on nursing homes that are being built right now in Haparanda and Hudiksvall and is running from February 2021 to February 2023.

## OUR SOLUTIONS

## Smart Rescue



## When every second counts

In emergency response, every second counts. Whether it is for crisis teams, emergency services or schools. In a crisis, AddSecure wants to help organizations to respond properly, act quickly and ultimately save lives.

Incidents, including accidents and acts of violence, is a growing problem, creating challenges in health, wellness and productivity in schools and workplaces. Despite safety regulations and procedures, risk management remains a great challenge. Professional groups exposed to threats and violence need to be equipped not only with knowledge and training, but also with technical aids.

Our Smart Rescue solutions are specifically designed for employees who work alone and/or in environments prone to threats and violence. We propose tailored solutions using connected personal alarms and training to prevent incidents happening, and to ensure rapid emergency responses when needed. Monitored 24/7, our solutions are applied in industries, event arenas, hotels, schools, and other critical societal functions such as ambulances and sea rescue services.

## REPORT

## AddSecure sheds light on safety and security in Swedish schools

Unsafe learning environments reduce the quality of education. UNESCO<sup>1</sup> has shown how affected students are at increased risk of anxiety, psychological stress, and depression. Violence, including bullying, affects victims, bystanders, and perpetrators themselves. AddSecure's school safety report, calls for equal learning conditions throughout the country. The Novus-conducted survey shows that every third parent in primary school has experienced threats and violence at their child's school. The problem is more frequent in municipal primary and lower secondary schools than in private schools. In addition, every fifth parent has experienced deterioration in the level of safety and security in schools over the past three years, even more so among parents of children in grades 7-9.



A safe and well-functioning school is crucial for students' learning, knowledge and development. A safe school environment lays the foundation for the society we want to see in the future. With this report, AddSecure wants to draw attention to current challenges and initiate a call for non-violent, inclusive and effective learning environments for all.

<sup>1</sup> <https://en.unesco.org/themes/school-violence-and-bullying/sdg4aprogress>

## OUR SOLUTIONS

# Smart Surveillance



## Keep an eye on your assets

With IoT comes new opportunities to secure assets and prevent value-depreciating incidents like break-ins, theft, and vandalism. In 2020, AddSecure added video surveillance to its product portfolio, creating the market offering Smart Surveillance. The demand for video surveillance in both business and the public sector is growing significantly, as many organizations are expected and required to have a certain level of security and monitoring measures. Video surveillance is an efficient protective measure and complement to our smart solutions suite.

Smart Surveillance provides smart, secure, and scalable solutions that keep assets safe. We offer Video Surveillance-as-a-Service, a fully integrated service offering, combining market-leading hardware and software in easy-to-use, readily available solutions. The solutions consist of mobile surveillance towers, combined with AI-enabled video analytics and a 24/7 control center service as a subscription. We help customers keep an eye on assets in construction sites, logistics centers as well as in industrial and public facilities.

## INTERVIEW

### Sten Olsson

Head of Business Development at AddSecure



#### What opportunities do you see with camera surveillance and why is it important for safety and security in society?

- In the last decade, video surveillance has been the largest and fastest growing product in the security industry. Recently, features to track and monitor events in real-time have increased the possibility to improve safety and security. Cameras are programmed to detect everything from smoke and heat to someone entering a restricted area. Once the cameras detect something suspicious, they transmit an alarm with a picture and video footage for alarm centers to get an overview of the situation and decide on proper measures. This way, rescue services do not have to dispatch on alarms unnecessarily.
- The camera can be installed in many different devices and places such as schools, working sites or in cities. It is also possible to install an alarm button, which enables employees to start the video recording. The cameras can also be installed with speakers and be programmed with pre-recorded messages to create safety in an uncomfortable situation. It is a cost-efficient, safe, and environmental solution.

#### What type of responsibility comes with camera surveillance?

- Video surveillance regulation varies between countries and is mostly connected to personal integrity. In Sweden for example, it is up to every individual to choose how to use a camera, except in public areas. To be able to use video surveillance in public, a permit must be applied for and a clear purpose must be described. At AddSecure, we help our clients also in this application process.

- Globally, video surveillance is gaining larger acceptance in society as real-time monitoring can protect the personal integrity to a larger extent. For example, the cameras are available 24/7, but only start recording once they detect something.

#### How does Smart Surveillance strengthen AddSecure?

- As we see a lot of opportunities for our customers, we believe that video surveillance solutions will be part of offerings from all our business units. For example, we now have a function within Smart Transport, where a camera can be used to give an overview of the traffic situation or to control the goods in the load area of a truck. One of our clients that recently invested in this solution is Lexon, a pharmaceutical distribution leader. With our products, they are able to gain full control over its resources from one system. Video surveillance is a service solution that will be included in all our business units and we expect to organically expand this business further.

## OUR SOLUTIONS

# Smart Transport



## Smart and secure solutions that drive your business forward

Transport and logistics are becoming increasingly complex due to global supply chains, large increases in volume, new locations, products (just look at the case study on Covid-19 vaccines below!) and markets. In parallel, logistic companies are pressured to improve working conditions and to lower emissions – transport currently represents close to 25% of Europe's greenhouse gas emissions. IoT is key to transforming the transport sector, enabling systemic gathering and use of data, increasing safety, reducing energy use, and improving operational performance.

Our Smart Transport solutions optimize distribution chains by maximizing precision, predictability, transparency, and delivery planning while minimizing costs, emission levels and contributing to safer routes. AddSecure's fleet and transport management systems offer a comprehensive suite of functionalities to support customers' transport and logistics operations such as time and salary management, order management, data analytics for the reduction of fuel consumption, real-time tracking, and driver behaviour control. Our solutions enable data-driven improvements in profitability and full control of transport and logistics operations – across the entire order-to-cash process. Together with our customers, we saved just over 16 700 tons of carbon dioxide as part of our annual Eco-Driving Challenge.<sup>1</sup>

## CUSTOMER CASE

### Vaccine distribution

#### Keeping it cool during the pandemic

The importance of high-quality cold chains to deliver vaccines with maintained potency was highlighted when the much-longed for Covid-19 vaccines were about to be distributed around the world. In the UK, AddSecure got to play a part in ensuring that the vaccines reached the people. By providing the VMS Vehicle Hire with telematic and transcan temperature monitoring solutions, securing correct temperature is maintained throughout transit, we helped making sure vaccines reached its destination uncompromised and in top quality.



<sup>1</sup> <https://www.addsecure.com/newsroom/#/pressreleases/addsecure-eco-driving-challenge-reduces-16-700-tons-co2-3075979>



## New opportunities

Beyond AddSecure's existing solutions, we continuously monitor the growing IoT market to find new attractive investments in secure communications. One of these investments is Smart Grids.

Global demand for energy is expected to increase by almost 30% by 2040. This calls for intelligent and responsive grids that can anticipate imbalances in supply and make room for renewable energy production (including small scale). Future power grids give grid users, producers, and consumers new opportunities to actively contribute to a modern power system that optimizes the energy use while enabling a more sustainable power mix.

The solutions within our emerging technologies area, Smart Grids, help expand infrastructure and upgrade technology for modern and sustainable energy services for all. We help grid operators by providing reliable real-time information from the network to optimize power utilization, increase power accessibility and reduce operational costs. By digitizing the power distribution grid, our customers achieve smarter and more secure operations, as well as full control through systems for network-station monitoring and analysis. We ensure smart and secure access to electricity for a more sustainable future.



### CUSTOMER CASE

#### Affärsverken and AddSecure develop a universal solution for smart power grids

The emergence of IoT and digitalization creates great opportunities for further development within the energy sector. At the same time, it places higher demands on the power grids. The societies of the future require smarter electrical power systems that provide more knowledge of the network's status and quality, in real time. In collaboration with the electrical grid owner Affärsverken i Karlskrona Elnät AB in Sweden, AddSecure developed a new solution for optimizing electrical power systems through energy measurement, data collection and analysis. Through the analysis and data provided, decision-making for operations and investments in distribution networks becomes more efficient and precise. Positive outcomes are, for example, in-



creased energy efficiency, a reduced number of customers impacted by interruptions as well as reduced energy costs. Supported by the Swedish Energy Agency, the solution was designed in a universal manner to enable application in any power grid aiming for a more intelligent power system.

# 2020 objectives and results

As technological progress brings us daily benefits, they also raise complex questions and concerns on how technology will affect society and our planet. At the same time, a changing climate, demographic shifts, globalization, and technological advances bring new expectations and conditions for how we run our business.



In 2020, we took an important step to establish a sustainability program on group level, designed to improve our ability to respond to changing market demands while also creating a structure to help us manage and integrate sustainability throughout the organization.

## Other important steps in 2020:

- ✓ We set an overall strategy based on governance, transparency, and business development.
- ✓ We identified five strategic focus areas integrated in our overall strategy.
- ✓ We set up a governance and reporting structure and implemented a business system for data collection and analysis.
- ✓ We presented our first ESG report to our investors.
- ✓ We continued integrating sustainability in key processes such as M&A, employee engagement, supply chain management, marketing and communication, and stakeholder dialogues.
- ✓ We appointed our first Chief Sustainability Officer, a new position reflecting our commitment to sustainability and our vision for a safer and smarter world.

While making good progress during the year, we still have an ambitious agenda to follow. In 2021, data quality, compliance and business development are on top of our agenda.

## Agenda for 2021:

- Continuously develop our processes for collection of quality data, which will be crucial for reaching our goals.
- Put extra focus on structuring our processes to facilitate compliance and reporting on group and business unit level, to keep up and track new ESG demands.
- Continue to further sustainability as an integral part of R&D and business development, in order to realize the potential that lies in our solutions.

By letting sustainability guide us in our daily operations we strive to drive the business forward profitably, in new ways and by new means. In the following pages we present results and highlights from 2020 within each of our focus areas.



## Customer focus

### GOAL

Transactional NPS of 50 by 2025

We serve over 50,000 customers globally with premium solutions for secure critical communications and data. Understanding our customers' experience of doing business with us is key for a long-standing relationship and helps us understand our customers' changing needs and expectations.

In 2020, we implemented a CRM system to help us achieve a 360 view of all customer touch points with AddSecure. With the system in place, we regularly measure customer satisfaction (NPS), based on a transactional customer relationship view. Our goal is to reach a total NPS score of 50 by 2025, based on an industry average for international IoT B2B companies, and derived from a total of all AddSecure's business units and solutions.

### Results in 2020



**NPS 35**



## Safe data

### GOAL

Secure, authentic and reliable data

Cyber threats seeking to damage data, steal digital assets, or disrupt digital life in general, is constantly evolving. AddSecure's ability to handle data and communications in a secure way, keeping it safe from unauthorized access or minimize downtime in our production platforms, is key to our customers' and our ability to deliver on our mission.

Our Secure Critical Communications technology powers our different business unit offerings. By providing easy administration of virtual private networks, SIM cards, and access management for customers, we enable data to be securely transmitted between customer and related, or between customer and AddSecure for the provision of services.

### Results in 2020

Rapid growth through AddSecure's numerous acquisitions has underlined the need for establishing and implementing a corporate management process for the creation, storage, use and handling of data.

In 2020, we piloted a study and gap analysis for certifying our information security management system with ISO 27001. As with our other ISO certifications, we apply the certification on business unit level, starting out with our Smart Alarms solutions.



## Smart power

### GOAL

Climate neutral by 2025

As the world becomes increasingly digitalized, information and communications technologies, data centers and network services are emerging as an important source of energy demand. The current environmental footprint of the ICT sector is estimated to be between 5% to 9% of the world's total electricity use and more than 2% of all emissions.

Our goal is to be climate neutral by 2025. The goal stretches over our entire value chain and includes our own direct activities, upstream activities, and downstream activities.

### Three-step strategy to reach our goal

#### 1 Measure and disclose.

Getting access to quality data remains a key challenge as suppliers' capacity and readiness to share requested information differ.



Our dedicated reporting team set up for office premises (incl. purchased grid energy) resulted in a **91%** data coverage.

To complete the picture, we need to capture data from data centers and purchased goods and services, as well as estimate climate impact from the use of our solutions and end-of-life treatment.



For transport and distribution, we work with our main supplier, covering about **70%** of all our transports.

**Reduce.** Reducing emissions by more efficient energy use and increasing the share of fossil free energy.



We introduced new Meeting & Travel guidelines that state "digital first and always an option".

By the end of 2020, **70%** of total energy used stemmed from renewable energy sources.

**Offset.** We initiated a project to set an action plan to offset remaining emissions.



The goal is to offset all emissions stemming from:

- Offices premises (scope 1),
- Purchased grid energy (scope 2)
- Business travel (scope 3) in 2021.

### Results in 2020

#### CO<sub>2</sub> emissions

Tonnes total **172.3**

Tonnes/FTE **0.204**

Tonnes offset **0**

#### Energy use (kWh)

KWh total **1,292,894**

Renewable energy



The 2020 result includes data for office premises, business travel, and transport and distribution.



## Smart use of resources

**GOAL** | 0 waste by 2025

Waste of electrical and electronic devices is one of the fastest growing waste streams, while production of modern electronics requires the use of often scarce and expensive resources. With the goal to reach 0 waste by 2025, we are looking to achieve “more with less”, using service-based/bundled business models, take-back systems, and refurbishment of used products. By working for a smarter use of resources we expect to lower our environmental impact while also cutting costs of produced goods and improve risk management in our supply chain.

During 2020, we focused on gathering insight, identifying relevant KPIs and existing initiatives in place. Moving forward, we will work to set targets for the different business units, applying the principles “reduce, reuse, recycle” to challenge and develop current business models. We will continue to look for strategic partnerships with the objective to reinforce take-back systems, diminish the number of physical products put on market and increase the amount of recyclable materials and refurbished products.

### Results in 2020

Products put on market

**86,421**

Of the products put on market 10,5% stemmed from refurbished products

Products collected

**10,649**

Products refurbished

**9,067**

Products recycled

**2,547**

**10.5%**





## Smarter together

### GOAL

Smarter and more innovative, guided by the different perspectives diversity offers

Smarter together is about fostering collaboration and innovation, across the company and throughout the value chain. As an international company with employees from many different countries and backgrounds, we want to offer a great place to work, where we make the most of our differences. It is about our coworkers but also about our business partners and customers. What leads us is our core values: customer focus, simplicity, team spirit and cooperation.

Collaboration is key for innovation. With this in mind, in 2020 we launched our OEM partner innovation program in which we seek out strategic

partnerships with selected partners to achieve joint objectives and create added value. Being selective about whom we form partnerships with, our goal is to enter two such collaborations per year. In 2020 we developed collaborations with Assa Abloy and Honeywell within Smart Alarms, to be introduced to the market in 2021. For more information, see the Assa Abloy case study on page 11.

**Swedish KPI Institute (NTI) announced in 2020 that AddSecure is among the 10% best ranked companies - showing the best results in the category Attractive Employer Index® 2019.<sup>1</sup>**

## Results in 2020

### Our co-workers

Headcount (FTE): (2019: 436)	<b>846</b>	Locations (offices):	<b>22</b>	Spoken languages:	<b>27</b>
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### Great place to work

eNPS: 0 16 Goal 2021: 30

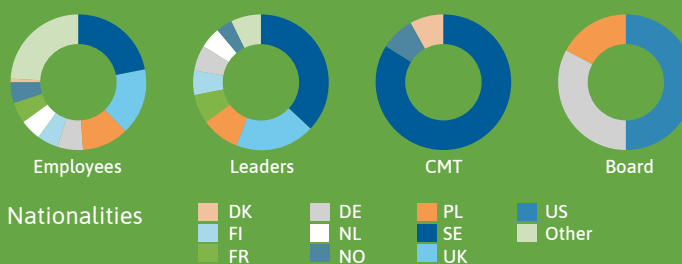
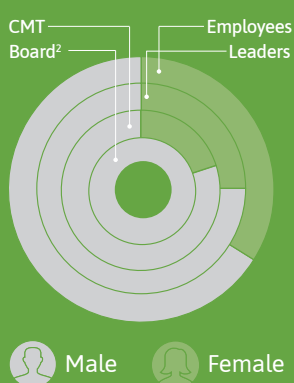
Personnel turnover: (2019: 1.6)	<b>1.4</b>	No of employees/ manager: (2019: 4.3)	<b>6.7</b>
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### Innovation

OEM  
partnerships **2**

### Diversity

#### Gender distribution



Gender equity men <sup>3</sup> (2019: 0,9)	<b>1.13</b>	Gender equity women <sup>3</sup> (2019: 1,37)	<b>0.74</b>
Average age male (2019: 43)	<b>42</b>	Average age female (2019: 43)	<b>38</b>

<sup>1</sup> <https://news.cision.com/addsecure-group-ab/r/addsecure-appointed--excellent-employer--by-swedish-nyckeltalsinstitutet,c3331764>

<sup>2</sup> In March 2021, AddSecure's Board was expanded with Katarina Bonde as Chairman of the Board and Marlene Forsell as Director of the Board.

<sup>3</sup> Ratio managers/employees

# About the report

This is AddSecure's first external sustainability report. The report presents how our IoT solutions contribute to a safer and smarter world, responding to many of the sustainability challenges the world faces. Additionally, the report informs and reports about AddSecure's 2020 progress within its strategic focus areas.

AddSecure aims to ensure that all information and data is relevant, transparent, consistent, accurate and complete and that it provides an objective picture of the company's operations. The reporting period is January 1, 2020 to December 31, 2020. The report is inspired by the global standards for sustainability reporting, GRI Standards.

The 2020 sustainability report has not been assured by any third-party assurance provider.

## Global commitments

By securing data and critical communications in a connected world, we recognize our opportunity, and responsibility, to contribute to society's sustainable transformation and the United Nations Sustainable

Development Goals.<sup>1</sup> Aiming to be climate neutral by 2025, we support the Paris Agreement.

Our Code of Conduct and our Business Partner Code of Conduct are based on the core principles of the UN Global Compact and its underlying conventions and declarations within the areas of human rights, labor standards, environment, and anti-corruption.

## Materiality assessment and stakeholder dialogue

By considering impacts to external stakeholders and ecosystems in addition to those directly affecting the company we can better assess the systematic and longer-term risks that inevitably arise through these impacts.

Strategic priority areas	Focus areas	Topics	Boundaries
Management and control	Governance	Sustainability management structure	AddSecure group
	Supply chain	Requirements on and management of suppliers	Production, transport and distribution, use (data storage) and other key suppliers
	Business ethics	Business ethics (anti-corruption)	AddSecure group, suppliers & business partners
Smart power	Climate change	GHG emissions and actions to lower these	Scope 1-3
Smart use of resources	Resource efficiency	Circularity (use, reuse and recycling of material in products)	Business model and product design, production, sales, use
		Energy use	Production, transport and distribution, own and leased premises, use
		Water use	Production, transport and distribution, own and leased premises, use
		Chemical use	Production
Safe data	Data and information security	Data privacy, information security and secure communications	Sales, use
Smarter together	People & Culture	Health and safety among co-workers	AddSecure group
		Diversity, non-discrimination and equal opportunities	AddSecure group
	Innovation	Innovation: Solutions contributing to sustainable development	Business model and product design, use
Leading provider of secure IoT solutions	Finance	Financial performance	Sales
	Market	Market presence	Product manufacturing, sales
		Customer satisfaction	Sales, use

To identify relevant topics, we have analyzed macro and market trends in relation to the company's strategic direction. We have consulted Agenda 2030 and sustainability reporting guidelines, benchmarked against industry players and sustainability forerunners, and engaged with our stakeholders. A topic is considered material to us if it meets two conditions:

- It impacts people and/or the planet, contributing (positive or negative) to sustainable development.
- It is important to our stakeholders (e.g. customers and end-users, co-workers, owners, suppliers, communities, and governments) who would expect us to take action on the topic.

For each material topic, we have identified issues that we will work on in order to realize our ambition to create long-term financial value without compromising environmental and social values.

## Stakeholder engagement and dialogue

In line with international guidelines, we invite our stakeholders to verify the selection of topics we have made and to give additional input. The matrix below showcases our main stakeholders, our mean for engaging with these on a recurring basis, the stakeholders' expectations, and requirements on us as well as the topics that have been identified as most relevant for each stakeholder group.

Who	How we engage	Requirements	Expectations	Top 3 topics of specific interest and concern
<b>Customers and end-users</b>	Technical and customer support, sales, surveys, web, media (incl social media).	Quality solutions and delivery on time.	Simple and smooth ordering and installation process, stellar secure communications, available support when needed.	Data privacy, information security and secure communications; Customer satisfaction; Innovation and impact
<b>Current and future employees</b>	GROW meetings, yearly performance review, team meetings, all-hands company meetings, intranet, surveys, internal trainings.	Remuneration, operational health and safety.	Company values and culture, personal development, equal opportunities, compensation and benefits.	Customer satisfaction; Innovation and impact; Data privacy, information security and secure communications
<b>Investors and shareholders</b>	Investor meetings, annual and quarterly reports, budget and business strategy.	Financial performance (turnover, growth and EBITDA), ESG governance and reporting.	Achievement of set targets.	Customer satisfaction; Data privacy, information security and secure communications; Financial performance
<b>Business partners and suppliers</b>	Joint initiatives, quality meetings, assessments, audits, reporting.	Contracts and agreements	Professional and timely forecasting and ordering, clear requirements, payment on time.	Innovation and impact; Supply chain management and requirements; ESG governance
<b>Communities and general society</b>	CSR programs and initiatives, media (incl social media).	Compliance	Stellar secure communications and data management.	Innovation and impact; Material use; GHG emissions
<b>Polymakers, rankers and raters*</b>	Industry association memberships, reporting, certification/audit process, media (incl social media), regulations.	Compliance, ESG governance.	Transparency, stellar secure communications and data management.	ESG governance; Business ethics; Diversity and non-discrimination

In the 2020 materiality assessment, we used surveys to validate our analysis with co-workers and owners. We engaged in a dialogue with internal sales and support functions to better understand our customers' expectations. Frameworks, guidelines, regulations, and other external requests for information served us to understand expectations from policy makers, rating institutions and society in general.



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